

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2334 - HB 2454

March 16, 2020

SUMMARY OF ORIGINAL BILL: Requires the Department of Health (DOH) and its Division of Health Related Boards to conduct a study on the licensure and regulation of cannabis for medical use by the departments of health and medical professional licensing boards of states contiguous to Tennessee. Requires that such study be conducted from DOH's existing resources. Requires the DOH to report its and the Division's findings to the appropriate legislative committees by December 15, 2020.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENTS (015253, 016825): Amendment 015253 deletes all language after the enacting clause. Enacts the Tennessee Clinical Cannabis Authorization and Research Act (Act), which legalizes and decriminalizes the possession, consumption, cultivation, processing, purchase, transportation and sale of medical cannabis and every compound, manufacture, salt, derivative, mixture, or preparation of the plant to any qualifying patient who has been assessed by a medical care practitioner as having a debilitating medical condition and has successfully applied for a medical registry identification card.

Creates the Clinical Cannabis Commission (the Commission). The Commission shall have nine members. Each member of the Commission shall receive \$20,000 in the Commission's initial acting year, \$10,000 in all subsequent years, and shall be reimbursed for their actual and necessary expenses, including travel expenses. Requires the Commission to appoint a director and authorizes the Commission to employ an assistant director, a chief law enforcement officer, and is further authorized, upon consent of the Governor, to employ attorneys, inspectors, agents, officers, and clerical assistance as may be necessary. Establishes that the director, assistant director, and chief law enforcement shall be reimbursed for travel expenses.

Requires the Commission to: create, receive, review and approve applications for clinical cannabis establishments (CCEs); establish a schedule of fees for application, and initial and renewal licenses for all CCEs, including wholesalers, CCE agents, volunteers, and qualified pharmacists, such that the fees in aggregate shall not exceed all costs incurred by the Commission in administering the state's clinical cannabis program; creates a website that lists the states or jurisdiction which Tennessee grants reciprocity for nonresident registration cards. All fees authorized and collected pursuant to the Act shall be paid into the General Fund and credited to a separate account for the Commission. Establishes that it is the General Assembly's

intent that such fund shall be used solely for implementation and enforcement of the Act; however, additional funds may be appropriated to the Commission during the first year of its operation to assist with initial expenses. Requires the Commission to strive to remain a ratio of at least one cultivation facility for every five dispensaries, to ensure that the number of each type of CCE is sufficient to adequately serve the needs of qualifying patients, and to consider the number of CCEs the Commission can effectively regulate in ensuring compliance with the Act. Once a year, the Commission must accept applications for licenses to operate CCEs and the Commission must publish on its website the dates such applications will be accepted.

Requires the Tennessee Bureau of Investigation (TBI) to conduct criminal history record checks using fingerprints provided by establishment agents at the time of application. If no disqualifying record is identified, TBI is then required to send the fingerprints to the Federal Bureau of Investigation (FBI) for a criminal history record check.

Establishes that sales of medical cannabis are subject to a rate equal to the tax levied on tangible personal property pursuant to Tenn. Code Ann. § 67-6-202. All revenue collected from such tax must be deposited into the General Fund and credited to a separate account for the Commission.

Amendment 016825 deletes and replaces language in the legislation as rewritten by amendment 015253 such the only change stipulates that for purposes of establishing the Commission, promulgating rules and forms, and conducting local option elections, this Act becomes effective 30 days after the date on which the Commissioner of the Department of Health provides written notification to the Secretary of State and the Executive Secretary of the Tennessee Code Commission that the federal rescheduling of marijuana from Schedule I to Schedule II has become effective and authorized for distribution by the Federal Drug Administration (FDA). For all other purposes, this Act shall become effective one year after the effective date immediately preceding.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Other Fiscal Impact – To the extent marijuana is rescheduled from Schedule I to Schedule II, the proposed legislation would result in significant impacts on state and local revenue and expenditures. Such impacts would begin approximately one year after the reclassification. However, whether such reclassification will occur and, if yes, the timing of it, are unknown. Therefore, any fiscal impact cannot be quantified with reasonable certainty.

Assumptions for the bill as amended:

- There is no known current indication that marijuana will be federally rescheduled as a Schedule I drug to a Schedule II drug.
- Due to the stipulations required in order to become effective, pursuant to Amendment 016825, it is assumed that this Act, even if passing both chambers of the General Assembly and signed into law by the Governor, would not result in any legalization or decriminalization of clinical cannabis provided forth in the Act.

- To the extent marijuana is rescheduled from Schedule I to Schedule II, the proposed legislation would result in significant impacts on state and local revenue and expenditures. Such impacts would begin approximately one year after the reclassification. However, whether such reclassification will occur and, if yes, the timing of it, are unknown. Therefore, any fiscal impact cannot be quantified with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb